

Senate Study Bill 1187 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON SCHULTZ)

A BILL FOR

1 An Act providing for the termination of dealership agreements
2 involving agricultural equipment.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 322F.3, subsection 1, unnumbered
2 paragraph 1, Code 2021, is amended to read as follows:

3 If a dealership agreement is terminated by cancellation or
4 nonrenewal by either the dealer or supplier, the supplier must
5 repurchase equipment and parts in the dealer's inventory and
6 must repurchase special tools and computer hardware or software
7 required for the dealership. The repurchase is subject to the
8 following conditions:

9	EXPLANATION
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10 The inclusion of this explanation does not constitute agreement with
11 the explanation's substance by the members of the general assembly.

12 This bill amends a provision in Code chapter 322F, which
13 regulates business relationships between suppliers and dealers
14 of agricultural equipment associated with livestock or crop
15 production, horticulture, or floriculture (Code section
16 322F.1(1)). The parties' business relationship is governed by
17 a dealership agreement which grants the dealer a right to sell,
18 distribute, or service the supplier's equipment (Code section
19 322F.1(5)). The Code chapter specifies a number of rights
20 and obligations imposed upon dealers and suppliers, places
21 restrictions upon certain supplier practices (Code section
22 322F.7), and provides for supplier liability (Code section
23 322F.8). A dealer may exercise a number of rights if the
24 agreement is terminated. For example, the supplier must pay
25 the dealer costs of unused complete equipment, repair parts,
26 and computer devices (amended Code section 322F.3(1)). The
27 bill specifies that the termination procedures apply regardless
28 of which party terminated the agreement.